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C O N F I D E N T I A L SECTION 01 OF 03 OTTAWA 003111

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SERIAL: (U) IIR 6 815 0010 05.

COUNTRY: (U) CANADA (CA).

IPSP: (U) IFC1511; IFC1513; IFC1516; IFC1311; IFC1547; IFC1520; IFC1521; IFC1912.

TAGS: [PARM](#)

SUBJECT: IIR 6 815 0010 05/CANADIAN DEFENCE REVIEW BECOMING SCHIZOPHRENIC (U)

WARNING: (U) THIS IS AN INFORMATION REPORT, NOT FINALLY EVALUATED INTELLIGENCE. REPORT IS CLASSIFIED C O N F I D E N T I A L/NOFORN.

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DEPARTMENT OF DEFENSE  
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DOI: (U) 20041105.

REQS: (U) DHCD127055; DHCD204011.

SOURCE: A. (C) //6 815 0364// SENIOR HOST NATION MILITARY OFFICER WHO HAS REPORTED RELIABLY IN THE PAST.

[1](#)B. (C) //6 815 0365// SENIOR HOST NATION MILITARY OFFICER WHO HAS REPORTED RELIABLY IN THE PAST.

[1](#)C. (C) //6 815 0194// SENIOR HOST NATION MILITARY OFFICER WHO HAS REPORTED RELIABLY IN THE PAST.

[1](#)D. (C) //6 815 0199// SENIOR HOST NATION MILITARY OFFICER WHO HAS REPORTED RELIABLY IN THE PAST.

[1](#)E. (C) //6 815 0121// SENIOR HOST NATION MILITARY OFFICER WHO HAS REPORTED RELIABLY IN THE PAST.

[1](#)F. (C) //6 815 0361// SENIOR HOST NATION MILITARY OFFICER WHO HAS REPORTED RELIABLY IN THE PAST.

[1](#)G. (C) //6 815 0366// SENIOR HOST NATION GOVERNMENT OFFICIAL WHO HAS REPORTED RELIABLY IN THE PAST.

[1](#)H. (U) SITREP, ROYAL CANADIAN MILITARY INSTITUTE, SEPTEMBER/OCTOBER, 2004 (U).

SUMMARY: (C/NF) CANADA'S LONG-AWAITED DEFENCE REVIEW IS LIKELY TO BE A WATERED DOWN UPDATE RATHER THAN TRANSFORMATIONAL. DEVELOPED IN PARALLEL WITH THE INTERNATIONAL POLICY REVIEW IT WILL HAVE POLICY AND RESOURCE DISCONNECTS. BUDGETARY ENVIRONMENT DIFFICULT.

TEXT: 1. (C/NF) CANADA'S DEFENCE REVIEW EXPECTED BEFORE THE END OF CY2004 WILL LIKELY BE DELAYED INTO CY2005. THE FOREIGN AFFAIRS CANADA (FAC) INTERNATIONAL SECURITY POLICY REVIEW BEING DEVELOPED IN TANDEM, BUT WITHOUT COMPLETE TRANSPARENCY, IS LIKELY TO PROVE A MISMATCH WITH SOME DEFENSE OBJECTIVES AND BOTH ARE LIKELY TO BE UNDER-RESOURCED. ACCORDING TO SOURCE B, THE DEFENCE REVIEW WILL NOT CASCADE FROM THE INTERNATIONAL SECURITY POLICY REVIEW AND THE 20040417 FIRST-EVER NATIONAL SECURITY POLICY AS ONE MIGHT EXPECT. ADDITIONALLY, THE DEFENCE REVIEW IS UNLIKELY TO BE RELEASED IN TIME TO INFLUENCE THE 20050200 BUDGET FOR FY2005 BEGINNING 20050401. SOURCE C AND OTHER SENIOR DEFENSE LEADERS ARE CONCERNED THAT THE FY2005 BUDGET WILL BE THE LAST OPPORTUNITY FOR A NUMBER OF YEARS TO GET A PLUS-UP FOR DEFENSE BECAUSE THE FY2006 BUDGET WILL LIKELY BE AN ELECTION BUDGET AND FOCUS HEAVILY ON MORE POPULAR SOCIAL SPENDING TO GARNER VOTES. THE INITIAL COUPLE OF BUDGETS AFTER THE NEXT ELECTION (WIDELY EXPECTED IN 2006) WILL STRUGGLE TO KEEP THOSE SPENDING PROMISES FOR SOCIAL PROGRAMS.

[1](#)2. (C/NF) THE INTERNATIONAL SECURITY POLICY REVIEW WILL FOCUS ON THE CANADIAN 3DT APPROACH OF DIPLOMACY, DEFENSE, DEVELOPMENT, AND TRADE. THE 3DT APPROACH WILL CARRY THROUGH INTO DEFENSE, BUT ACCORDING TO SOURCE E THERE ARE SIGNIFICANT DISCONNECTS IN THE POLICIES AND RESOURCES. AT THE SAME TIME, DEFENSE WILL BE CALLED UPON TO TRANSITION FROM A PEACEKEEPING FOCUS TO A 'NATION-BUILDING' FOCUS, INTEGRATING THE ELEMENTS OF DEVELOPMENT AND TRADE. THE DEPARTMENT IS TRYING TO HOLD THE LINE ON ONLY PROVIDING TROOPS WHERE THEY CAN MAKE A DIFFERENCE MILITARILY. ACCORDING TO SOURCE F, THE DEPARTMENT

OF NATIONAL DEFENCE (DND) IS ATTEMPTING TO KEEP THE CANADIAN ARMY IN THE NICHE OF PROVIDING FORCES FOR 'HIGH-END INTERVENTION', NOT HUMANITARIAN ASSISTANCE (HA) AND CIVIL AFFAIRS (CA). ACCORDING TO SOURCE C, TROOPS PARTICIPATING IN SFOR IN BOSNIA OVER THE LAST FEW YEARS HAVE BEEN INVOLVED IN CIVIL SUPPORT AND LIGHT DUTY MISSIONS RATHER THAN HARD SECURITY AND THIS HAS CONTRIBUTED TO A DECLINE IN THE MORALE OF THOSE SOLDIERS AND LESS WILLINGNESS TO DEPLOY FOR SOFT SECURITY MISSIONS. (FIELD COMMENT: THIS IS A PRIME REASON WHY CANADA IS SEEKING A CHALLENGING PROVINCIAL RECONSTRUCTION TEAM (PRT) MISSION IN AFGHANISTAN.)

13. (U) ACCORDING TO SOURCE H, THE IMPACT OF THE 3DT APPROACH IS THAT THE SUCCESS OF CANADIAN FOREIGN POLICY INITIATIVES WILL BE INCREASINGLY DEPENDENT ON THE FUNDAMENTAL CAPABILITIES OF THE CANADIAN FORCES (CF) TO UNDERTAKE SECURITY OPERATIONS DESIGNED TO SUPPORT AND FACILITATE THE 'DIPLOMACY' AND 'DEVELOPMENT' PILLARS OF 3DT. SOURCE NOTES THE CAPABILITY OF THE CF TO UNDERTAKE THOSE OPERATIONS IS DEGRADED BY A FIXED OR DECLINING (IN REAL TERMS) DEFENSE BUDGET; RISING OPERATIONS AND MAINTENANCE (O&M) COSTS; SHRINKING CAPITAL BUDGETS; AND BY A 'DEFACTO DEFENCE CAPABILITIES TRIAGE AS CAPABILITIES SIMPLY DROP OFF THE TABLE DUE TO CAPITAL EROSION'.

14. (C/NF) THE DEEPER ONE DELVES INTO THE ONGOING REVIEW THE MORE SCHIZOPHRENIC IT SEEMS. THE GOVERNMENT HAS CALLED FOR 5,000 NEW REGULAR TROOPS AND 3,000 RESERVISTS, YET THEY HAVE NO CAPACITY TO TRAIN AND FIELD THEM FOR YEARS. PM MARTIN HAS PROMISED MORE MONEY FOR THE TROOPS YET HE HAS NO SPECIFICS OTHER THAN TO REFER TO THE INVESTMENTS ANNOUNCED LAST YEAR IN MARITIME HELICOPTERS, MOBILE GUN SYSTEMS, AND JOINT SUPPORT SHIPS (A 6-10 YEAR PROJECT). THIS, WHILE THE GOVERNMENT HAS A 9 BILLION CANADIAN DOLLAR (USD 7.2 BILLION) SURPLUS EQUIVALENT TO 70 PERCENT OF THE DEFENSE BUDGET. NO ONE IS TALKING ABOUT USING ANY OF THE SURPLUS FOR DEFENSE. ACCORDING TO SOURCE H, THERE IS A 1.6 BILLION CD (USD 1.3 BILLION) (OVER 10 PERCENT OF THE TOTAL BUDGET) STRUCTURAL DEFICIT IN THE DEFENSE O&M BUDGET DRIVEN BY:

1A. (U) THE NEED TO RENT CIVILIAN EQUIPMENT AND SERVICES SUCH AS AIRLIFT IN PLACE OF INOPERATIVE MILITARY EQUIPMENT (E.G., 19 OF 32 C-130 HERCULES WHICH ARE NON-OPERATIONAL);

1B. (U) THE VAST AMOUNTS OF RESOURCES BEING POURED INTO THE MAINTENANCE OF OBSOLETE EQUIPMENT WAITING FOR THEIR REPLACEMENTS TO COME ON LINE (E.G., CH-124 SEA-KING MARITIME HELICOPTERS AND CC-115 BUFFALO FIXED WING SEARCH AND RESCUE (SAR) AIRCRAFT);

1C. (U) THE HIRING OF EXPENSIVE CIVILIAN CONTRACTORS WHO DRAW MASSIVE OVERTIME TO SUPPLY FIELD LOGISTICS SUPPORT IN PLACES LIKE AFGHANISTAN AND THE BALKANS; AND:

1D. (U) THE INCREASING COSTS OF REAL PROPERTY MAINTENANCE OF WORN-OUT INFRASTRUCTURE ON CANADIAN BASES WHICH ARE KEPT OPEN FOR POLITICAL RATHER THAN MILITARY OPERATIONAL REASONS.

15. (C/NF) ACCORDING TO SOURCE D, THE DEFENCE REVIEW WILL ALSO CALL FOR AN INCREASE IN STRATEGIC LIFT, BUT MAY POINT TO THE JOINT SUPPORT SHIP AS SATISFYING THAT REQUIREMENT WHILE THE MILITARY CONTINUES TO RENT UKRAINIAN AN-124 AIRLIFT TO DEPLOY THE ARMY. EVEN THOUGH A NO-COST OPTION OF LEASING FOUR C-17S (THROUGH RETIREMENT OF OLDER C-130S AND REDUCTION IN AN-124 RENTAL COSTS) HAS BEEN PRESENTED TO THE GOVERNMENT OF CANADA, ACCORDING TO SOURCE B THE GOVERNMENT STILL HAS A HANGOVER FROM THE CANCELLATION OF THE PREVIOUS C-17 LEASE OPTION BY THEN MINISTER OF NATIONAL DEFENCE ((MCCALLUM)) WHO REMAINS IN CABINET AND HAS MADE DEFENSE PLANNERS RELUCTANT TO READDRESS THE ABYSMAL STRATEGIC AIRLIFT SITUATION. (FIELD COMMENT: THE ISSUE OF HAVING ORGANIC AIRLIFT MAY GET ADDITIONAL ATTENTION AFTER CANADA HAD TO RENT AN AIRPLANE TO EVACUATE CANADIANS FROM COTE D'IVOIRE. SEVERAL SENIOR OFFICERS MADE THE POINT THAT CANADA SHOULD NOT BE DEPENDENT UPON RENTING AIRLIFT WITHOUT DEFENSIVE SYSTEMS TO ACCOMPLISH NONCOMBATANT EVACUATION OPERATIONS (NEO)).

16. (C/NF) IN A RECENT MEETING WITH U.S. GENERAL AND FLAG OFFICERS, SOURCE G ANNOUNCED THAT 'CANADA REQUIRED A NATO OR UNITED NATIONS MANDATE BEFORE DEPLOYING TROOPS.' WHEN A FLAG OFFICER QUERIED SOURCE G ON WHAT ADDITIONAL MANDATE IS REQUIRED WHEN NATO HAS ALREADY CALLED FOR TROOPS TO TRAIN THE IRAQI ARMY AND THE UN IS REQUESTING TROOPS TO SECURE UN PERSONNEL ATTEMPTING TO ENSURE FREE AND SAFE ELECTIONS IN 20050100, SOURCE G OPINED THAT 'THIS IS WHEN CANADA INVOKES THE STRATEGIC PAUSE AND THE FACT WE DO NOT HAVE THE CAPACITY.'

17. (C/NF) SOURCE F HAS BEEN HIGHLY FRUSTRATED BY THE ENTIRE DEFENSE REVIEW PROCESS AND CALLED IT 'SCHIZOPHRENIC.' EVEN THOUGH THERE HAVE BEEN PLANS MADE AT THE REQUEST OF THE CHIEF OF DEFENCE STAFF TO STUDY HOW CANADA MIGHT CONTRIBUTE TO TRAINING AND EQUIPPING THE IRAQI ARMY, THE IRAQ ISSUE IS SO CHARGED IN PARLIAMENT AND DOMESTICALLY THAT CANADA WILL BE UNLIKELY TO EVEN PROVIDE IRAQI ARMY TRAINING OUTSIDE IRAQ, SUCH AS INVITING IRAQI OFFICERS AND NCO'S TO PARTICIPATE IN MILITARY TRAINING COURSES IN CANADA.

COMMENTS: 1. (C/NF) FIELD COMMENTS. FRUSTRATIONS ARE RUNNING HIGH AS THE DEFENCE REVIEW ENTERS ITS FINAL PHASE. INTER-SERVICE RIVALRIES ARE REEMERGING WITH SOME CAPITALIZING ON THE CHICOUTIMI SUB ACCIDENT TO CALL FOR AN END TO SUBS IN THE CANADIAN FORCES, WITH THE ARMY NOT SUPPORTING STRATEGIC AIRLIFT FOR THE AIR FORCE ('WE'VE ALWAYS GOTTEN THERE SOMEHOW, HAVEN'T WE?'). BOTH THE GOVERNMENT AND THE POLLS ARE SAYING MORE SHOULD BE SPENT ON DEFENSE WHILE, AT THE SAME TIME, THE GOVERNMENT IS ASKING FOR MONEY BACK FROM DEFENSE. OF THE 800 MILLION CD (USD 650 MILLION) ADDED ANNUALLY TO THE DEFENSE BUDGET TWO YEARS AGO, THE GOVERNMENT WANTS BACK 135 MILLION CD (USD 110 MILLION) THIS YEAR, 185 MILLION CD (USD 150 MILLION) IN FY2005, AND 480 MILLION CD (USD 400 MILLION) FOR FY2006 AND BEYOND (FROM A DEFENSE BUDGET OF JUST OVER 12 BILLION CD (USD 10 BILLION)) TO PAY FOR HEALTH CARE, CHILD CARE, AND OTHER SOCIAL PROGRAMS. OPTIONS ARE BEING CONSIDERED SUCH AS CUTTING THE OPERATIONAL BUDGET BY FIVE PERCENT, CLOSING BASES (EXTREMELY POLITICALLY SENSITIVE - AN ORDER OF MAGNITUDE HIGHER THAN BRAC), AND RETIRING NAVAL RESERVE VESSELS.

2. (C/NF) WHILE THE TOP-HEAVY CANADIAN MILITARY TOTTERS ALONG, THERE IS LITTLE CAUSE FOR OPTIMISM THAT THIS DEFENCE REVIEW IS GOING TO BE THE CATALYST FOR ANYTHING MORE THAN PRESERVING EXISTING SERVICE EQUITIES, SALAMI-SLICING OF A BUDGET TOTALLY INCAPABLE OF SUSTAINING AND RECAPITALIZING EVEN THE SMALL EXISTING FORCE, AND DELIVERING WEAK PLATTITUDES ON HOW CANADA'S MILITARY WILL BE A VITAL CONTRIBUTOR TO THE 3D APPROACH, CONTINENTAL SECURITY, AND GLOBAL PEACE OPERATIONS.

3. (U) SOURCES REMAIN AVAILABLE FOR FURTHER EXPLOITATION.

4. (C/NF) THIS REPORTING SUPPORTS PRIORITY 3, PARAGRAPHS 1B AND 1D OF THE DAO OTTAWA OPERATING DIRECTIVE.

5. (U) DIRECT ANY QUESTIONS CONCERNING THIS IIR TO DHO-1 AT STU III (703) 907-0541, OR GRAY 981-8236.

COLL: (U) AB; AC; AD; AH; AS; AI; DB; MM.

INSTR: (U) US NO.

PREP: (U) 6-03048.

ACQ: (U) CANADA, OTTAWA (20041115).

DISSEM: (U) FIELD: AMEMB OTTAWA.

WARNING: (U) REPORT CLASSIFIED

C O N F I D E N T I A L/NOT RELEASABLE TO FOREIGN NATIONALS.

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DRV FROM: DO HUMINT SCG SEPTEMBER 2003

DECL ON: X1